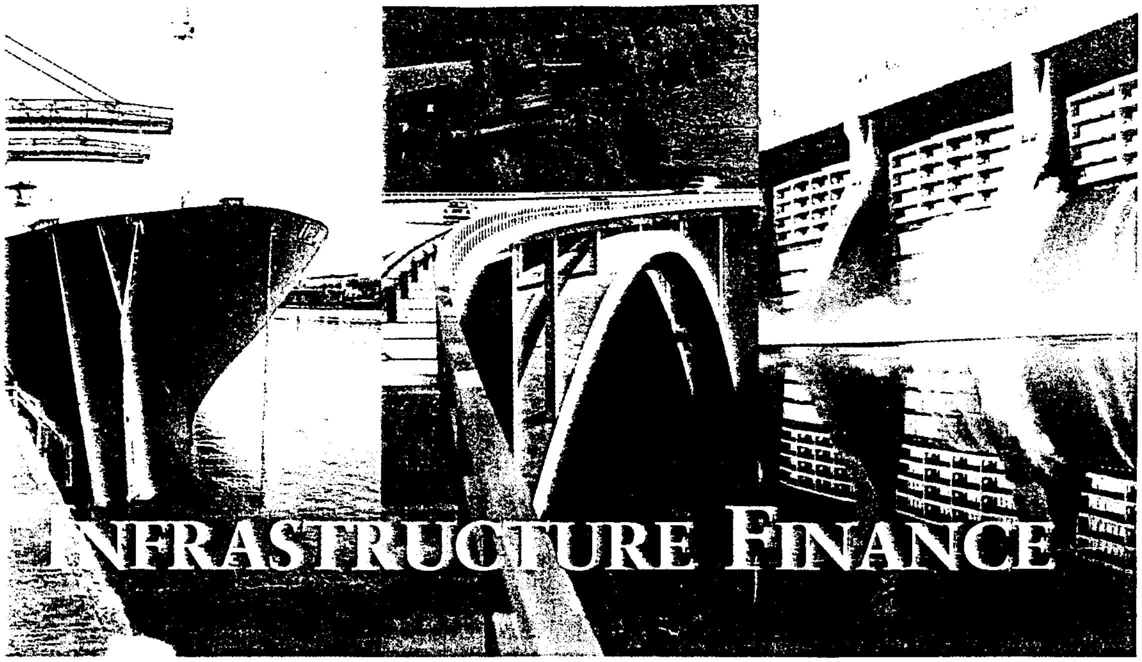
STANDARD
&POOR'S



Credit Profile

New Rating
$24.86 mil pkg sys rev bnds ser 2000 — A+

Outlook: Stable

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SAN ANTONIO, TEXAS

Rationale

The rating reflects the following strengths:

--The overall diversity of the system, with nearly 8,000 spaces dispersed between five garages and 20 surface lots, coupled with 1,900 on-street meters;

--Competitive rates and a tight market for parking as reflected by the need for additional spaces;

--A solid economic base (city GO rating double-'A'-plus), with low unemployment rates, healthy population and employment growth, and continued development in the downtown business district;

--Relatively sound legal provisions, including a gross revenue pledge, a rate covenant requiring 1.25 times (x) average annual debt service (AADS) coverage from net parking revenues, and the city's covenant to support the operating budget in the event of insufficient funds; however, additional bonds are subject to a pro forma test of 1.25x AADS, and there will be no debt service reserve providing additional security; and

--Strong coverage of more than 5x from gross parking revenues and more than 2.0x coverage from net earnings.

Offsetting these strengths are the associated debt needed to increase parking facilities, the expectation of marginal surplus funds to cover all of the existing $18 million parking-related general obligation debt, and the existing competition from private parking operators.

The series 2000 bonds are the city's first revenue financing for the parking system and are secured by system gross parking revenues. Proceeds will be used to build two garages, with more than 1,500 total spaces. Both facilities—the St. Mary's Street garage (707 spaces) and convention center garage (800)—will supplement an already sizable system of more than 9,800 spaces, and are expected to be in operation by 2001 and 2003, respectively.

Total project costs are approximately $24.7 million, and will more than double the existing parking-related debt issued by the city. After these additions, the city will control approximately one-third of the city's 32,600 available parking spaces. Continued economic development in the central business district, existing waiting lists and limited availability for new competing private operations, coupled with favorable rates should provide strong occupancy levels throughout the system.

Coverage of debt service from gross parking revenues is expected to be very high, exceeding 5.0x in the 10-year forecast period. Net revenue coverage will also remain above 2.0x, which assumes no additional debt. After taking into account the debt service of the GO debt, coverage will barely exceed 1.0x, and in the event there would be insufficient revenues, the city could draw on system surplus funds to avoid using the city's general fund. More than $3 million in facility and surplus funds.

Revenue
New Issue

City of San Antonio, Texas

Rating
Parking System Revenue Bonds, Series 2000 .... A+

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New Issue Details
$24,860,000 Parking System Revenue Bonds, Series 2000, are scheduled to sell on or about April 11 via negotiation through a syndicate led by Salomon Smith Barney. Dated May 1, the bonds will mature serially Aug. 15, 2004–2024. Bonds maturing on or after Aug. 15, 2010 are subject to optional redemption on Feb. 15, 2010 at par plus accrued interest.

Security: The bonds are special obligations of the city, payable from and secured by a first lien on and a pledge of the gross revenues derived from ownership and operation of the city's parking system and certain funds created by the bond ordinance.

Purpose: Proceeds of the bonds will finance construction of all or a portion of two new parking garages, renovation of certain existing facilities, provision of signage, and costs of issuance.

■ Outlook
The 'A+' rating is based on the market-leading competitive position of the City of San Antonio's parking system, strong coverage of revenue bond debt service from pledged revenues, and the city's covenant to support system operating costs. Additionally, the city will continue its commitment to pay debt service on bonds previously issued on behalf of the system. The city operates approximately 30% of all public parking spaces in the downtown area, with the second largest operator controlling 18% of the market. The city generally charges lower parking fees than its competitors, providing some rate flexibility. Demand for parking is high, with an average of 1.8 cars per available space in the downtown area. Development of additional parking capacity by private operators is possible, although none was reported.

Recent economic development projects, such as the projected establishment of a convention headquarters hotel and the redevelopment of a vacant, former retail and business corridor, will add to the demand already created by business expansion downtown. Bond proceeds will finance the replacement of an existing convention center garage that must be repositioned to accommodate convention center expansion and the adjoining headquarters hotel. A second garage will be constructed to service existing and anticipated demands associated with the corridor redevelopment project. As part of the project, the city will also complete structural and cosmetic enhancements to its existing garages and will upgrade its signage system. The first garage is slated to open by June 2001, with the convention center facility scheduled to open in 2003. Interest will be capitalized during a portion of the construction period.

■ Rating Considerations
This is a new revenue structure and security for the city parking system; however, it is a function that the city has performed for more than 30 years. Previous parking facilities were funded by appropriations and proceeds of certificates of obligation (COs) and general obligation bonds (GOs), payable from parking revenues, but also enjoying a full faith and credit pledge of the city (rated 'AA+' by Fitch IBCA). With this borrowing, the city will formally begin the transition of its parking system to a self-supporting enterprise.

Base case revenue projections show strong coverage on a gross revenue basis and adequate coverage on a net revenue basis. The city also covenants to support the system by maintaining a minimum reserve in the system's operations and maintenance (O&M) fund. Specifically, the city covenants to restore, from any lawfully available funds, the O&M fund balance to 25% of budgeted operating expenditures. The city has 90 days to replenish the fund balance and the system is not obligated to repay the subsidy.

The city expects that net parking revenues, after payment of debt service and operating expenses of the parking revenue bonds, will eventually be able to support debt service on the outstanding COs and GOs. However, during the start-up period, parking revenues are not projected to provide coverage of all system obligations and the city may be required to pay CO and GO debt service from other funds. Recognizing this, the city is applying the equity in its existing parking enterprise fund to establish initial balances in the various funds created under the series 2000 bond ordinance. The city retains the ability and responsibility to pay CO and GO debt service from other funds, but this initial capitalization of the system will ease the transition to self-supporting status.

Future systemwide success, in the form of being completely self-sufficient as an enterprise, will require rate increases in all parking revenue producing operations. Although the city currently enjoys a favorable position and competitive rate structure, the prevailing economic and industry environment will dictate the plausibility of the rate hikes.

■ Strengths

- Strong gross revenue coverage and adequate net revenue coverage, as well as first priority position for debt service.
- Significant share of the downtown parking market, which is demonstrating strong demand due to economic growth.
- Covenant for city support to O&M fund by maintaining a minimum three-month expenditure reserve.

■ Risks

- Some demand and rate vulnerability associated with the economic environment and competitive pressures.
- Periodic rate increases will be required to eliminate risk to supplemental funding sources.

■ Security Provisions

Security: The bonds are special obligations of the city, payable from and secured by a first lien on and a pledge of the gross revenues derived from ownership and operation of the city's parking system and certain funds created by the bond ordinance. The city will not issue any additional bonds, notes, or obligations that will have a superior lien on gross revenues than that possessed by parity obligations.

Rate Covenant: As long as parity obligations are outstanding, the city shall establish, charge, and collect gross revenues sufficient to produce net earnings (gross revenues less O&M expenses) in each fiscal year at least equal to scheduled debt service requirements until the two new garages being constructed have been in operation for one complete fiscal year. Thereafter, the city covenants to generate gross revenues to produce net earnings at least equal to 125% of the average annual debt service requirements of outstanding parity obligations.

If, at any time, the city anticipates gross revenues will not be sufficient to meet this covenant, it shall fix, charge, and collect amounts to meet the financial obligations. Adjustments shall be based on a certificate and recommendation of the designated financial officer to the city council. In any fiscal year, within 30 days of the receipt of the annual audit depicting actual gross revenues insufficient to meet the covenant, the city shall engage a qualified consultant to submit, within 60 days, a written report recommending revisions to rates and operations of the parking system. The city shall revise its rates and charges to produce the required amount in the following fiscal year.

There is no covenant requirement that the city must charge amounts sufficient to meet debt service requirements on outstanding COs and GOs that have been issued in the past to fund parking facilities. However, past operating results, forecasts, and the intent of the city is for this debt to continue to be fully supported by parking system revenues.

Additional Bonds Test: The city reserves the right to issue additional parity obligations for any lawful purpose subject to the following conditions: the city is not in default as to any covenant, obligation, or agreement and sufficient payments have been or will be made to all created special funds and accounts; net earnings for the prior fiscal year or 12 consecutive months out of the prior 18 consecutive months are equal to at least 1.25 times (x) the average annual debt service for all parity bonds outstanding; and net earnings for the preceding fiscal year or 12 consecutive months out of the preceding 18 consecutive months, plus any net earnings to be realized in the first 12 months of operation of a new facility finance with additional parity bonds, are equal to at least 1.25x the average annual debt service for all parity bonds outstanding and the parity bonds to be issued. The city also retains the right to create and issue or incur subordinate lien obligations.

Flow of Funds: Upon receipt, gross revenues shall be deposited to the credit of the revenue fund and subsequently applied to the following uses, to the extent required, in the following order of priority:

- Debt service fund: Monthly interest and principal deposits in equal amounts sufficient for the next scheduled parity obligation payment.
- Required O&M fund: Initial deposit and requirement equaling 25% of budgeted O&M expenses, with, in the event of a deficiency, the city given 90 days to replenish the required balance from any legally available funds.
- Subordinate lien obligations.
- Other parking-related obligations fund: While any other obligations are outstanding, approximate equal, monthly installments sufficient for next scheduled principal and interest payments.
- Repair and replacement fund: Initial deposit and requirement of 3.5% of estimated value of parking system before depreciation, with the city curing any subsequent deficiency within 60 months by making a minimum of equal monthly deposits.
- Facilities fund: May be used for any lawful purpose, with deposits made after all other requirements.

As the parity obligations are secured by a gross revenue pledge and first priority to the debt service fund, there is no reserve fund requirement.

Other Security Features: As of fiscal year-end 1999, the parking fund, an enterprise operation of the city, had a $2.6 million unreserved fund balance. Cash and investments of slightly more than $2.7 million will be contributed to the parking revenue system. Also, approximately $2.9 million from a facilities fund of the hotel/motel 2% tax collection fund is being contributed to the convention center garage project, which lowers the amount of revenue bond borrowing that otherwise would have been required.

Additionally, any deficiencies in the required O&M fund may be cured from any lawful, available source, including funds outside the parking system, such as general funds. Other parking-related obligations currently consist solely of COs and GOs outstanding in the amount of $17.2 million, which carry an ad valorem tax pledge. Should gross revenues be insufficient to make transfers to service this debt, tax-generated funds will be used to make the payments. Finally, the city covenants not to sell, dispose of, abandon, or encumber the parking system, or any substantial part of the system, with the exception of those instances that are in accordance with prudent business practices.

■ Use of Proceeds

Bond proceeds will finance the construction of all or a portion of two new parking garages, renovation of certain existing facilities, and new and replacement signage to identify city parking facilities to potential customers. Contributions from existing city funds will be used for construction costs and to make deposits to the various accounts created in the new parking revenue fund.

At the site of the convention center, the current 744-space parking garage will be razed to construct a $9.6 million 1,100-space garage to replace it. Demolishing the current garage will allow the new garage to be situated to serve the convention center and facilitate the construction of a proposed new, privately funded $198 million 1,200-room convention headquarters hotel. Of the total number of parking spaces, 300 will be dedicated to hotel parking. Construction completion is scheduled for July 2003 for the garage and January 2004 for the hotel. A second new, $13.1 million 707-space garage is proposed to be constructed near a planned Houston and Presa Streets corridor renovation project, with a completion date of June 2001. The $87.7 million privately funded renovation project contemplates the purchase and retrofit of 13 existing, vacant buildings to provide 300,000 square feet of retail, restaurant, office, residential, and hotel opportunities.

Additionally, approximately $810,000 of proceeds will be used for facilities renovation, which is primarily of exterior appearance in nature. A signage system will be funded for approximately $1.2 million to inform downtown parking customers of the location of municipal garages and current availability of parking spaces.

■ Evolution of San Antonio's Parking System

The city has more than 30 years of experience in the management and operation of garage and surface lot facilities. The city's first surface lot came on line in 1965, with 173 parking spaces. In 1967, an appropriation of approximately $1.1 million funded the construction of a 465-space parking facility known as the Marina Garage. To encourage the development of luxury hotels and spur growth in the convention and visitors industry, a 714-space garage, known as River Bend, was funded through $6.4 million CO issuances in 1978 and 1979. Construction was completed in 1981.

The city council created the parking facilities fund in the 1979–1980 budget, which was administered by the traffic and transportation department. After completion of a feasibility study for the construction of an additional downtown parking garage, the city issued $2.5 million in COs to purchase land for the Mid City Garage. The land was leased to a partnership to construct and operate the garage. After foreclosure, the city ultimately purchased the facility through the issuance of $1.7 million in COs. The HemisFair Garage, also financed through approximately $9.4 million of COs, was constructed by the city and came into service in 1987, providing 1,215 parking spaces adjacent to the convention center. In 1996, 471 spaces were razed to accommodate the expansion of the center. In 1989, the city acquired a closed department store and adjacent parking garage, converting the store to a new central library and renovating the 428-space parking structure.

Other city-owned and operated parking facilities include 1,902 on-street parking meters. The city also leases 3,033 and 350 surface lot parking spaces from the State of Texas and the U.S. government, respectively. Comprehensively, all facilities, including their associated revenues and expenses, are currently operated as a city enterprise fund.

Operating results have been satisfactory over the past five fiscal years. Net revenue has exceeded $2.6 million in each fiscal year and, although it has declined in the past two fiscal years, net income has been at least $578,000 annually during the same period. The parking system not only generates revenue through parking fees, it also generates rents from retail space incorporated into the first floor of some garages and collects parking meter revenues. In addition to the payment of operating expenditures, the parking fund makes transfers to the general fund for indirect cost recovery and payment in lieu of taxes. The CO and GO debt associated with the construction or acquisition of parking facilities has historically been serviced through parking revenues. Existing CO and GO debt will be extinguished in 2015; however, requirements are reduced significantly after 2011, with the highest debt service year occurring in 2010 in the approximate amount of $2.3 million.

The objective of the parking fund has been to support and promote downtown economic development, as well as to provide low-cost parking. Creation of the parking revenue system will allow the development of additional parking facilities through revenue-supported debt financing, thereby removing existing tax-pledged debt over the long term.

■ Municipal Parking System

The city's current downtown parking facility inventory consists of 9,889 parking spaces — 3,347 in garages, 1,257 surface lot spaces, 1,902 on-street meters, and 3,383 leased lot spaces. There are 32,660 public parking spaces in the downtown area; therefore, 30% of the downtown parking spaces are managed and operated by the city parking system. The private competitor with the next largest inventory of parking controls slightly more than 18.3% of the available spaces. After that, the closest two single competitors represent 7.5% and 5.2% of the downtown market capacity, respectively. Upon completion of the two new parking garages, the city will have a projected 10,617 parking system spaces. City staff is not aware of any planned parking development by private operators.

Current Parking Facilities Inventory
(As of January 2000)

Facility Type	Locations	Spaces
Garages	5	3,347
Nonmetered Surface Lots	8	1,035
Metered Surface Lots	3	222
On-Street Meters	—	1,902
Leased Lots	9	3,383
Total	25	9,889

The city's garage parking system rate structure compares favorably with those of its competitors, providing some flexibility to raise rates in the future but also allowing a margin to maintain its current utilization rate. Variances in daily rates range from as low as $1.25 to a high of $4.25, while monthly rate variances range from a low of $20 to a high of $55. Flat or event rates show a slim margin in rates and only vary from $1.00 to $1.50 lower than competitors.

■ Financial Forecast

A 1995 downtown parking study completed by a consulting group focused on reviewing and defining the parking needs of six specific downtown areas, identifying parking location alternatives and development of recommendations to meet the identified requirements. At that time, the need for an 1,100 central city garage was cited, which has been addressed by the private development of a 660-space facility. On the west side of downtown, a recommendation was made for a 600-space garage. In 1996, the city purchased a 223-space surface lot in the area and will await further development by the University of Texas-San Antonio and the private sector before pursuing additional space. In the Houston Street corridor, a 1,400-space recommendation was made in the study, which is being addressed by the 707-space new garage included in this transaction. Another recommendation citing a convention center parking need is also being addressed, although the new facility will essentially

Financial Summary — City of San Antonio Parking Fund

($000, Fiscal Years Ended Sept. 30)

	1995	1996	1997	1998	1999
Current Cash and Investments	1,675	2,003	2,555	2,800	2,750
Receivables	24	68	46	51	156
Restricted Cash and Investments	1,019	2,868	1,488	1,662	1,879
Net Fixed Assets	19,652	19,242	20,332	19,812	19,341
Current Liabilities	233	282	294	326	337
Net Working Capital	1,466	1,789	2,307	2,525	2,569
General Obligation (GO) Bonds Outstanding	19,315	19,835	19,210	18,325	17,190
Operating Statement					
Operating Revenue	6,337	6,906	6,903	6,887	7,526
Interest Income	247	269	245	246	252
Gross Income	6,584	7,176	7,148	7,134	7,778
Operating Expenditures	3,849	4,237	4,217	4,520	5,070
Net Revenue	2,735	2,938	2,931	2,614	2,708
GO Debt Interest	1,048	1,077	1,067	885	976
GO Debt Principal	380	585	650	1,045	1,160
Net Non-Operating Activity	4	23	0	(5)	6
Net Income	1,311	1,300	1,214	679	578
Net Transfers	(183)	3	(401)	(182)	(195)
Operating Expenses as % of Gross Income	58	59	59	63	65
Debt Service as % of Gross Income	22	23	24	27	27
Net Working Capital as % of Gross Income	22	25	32	35	33
Debt Ratio (%)	87	83	80	76	72
Operating Ratio (%)	61	61	61	66	67

replace the original capacity of the HemisFair Garage. Lastly, in the eastern sector of downtown, referred to as Sunset Station, the study recommended 1,000 parking spaces. The Alamodome parking lot and existing surface lots are currently meeting that need.

City statistics estimate there are 60,000 employees in downtown, representing 48,900 cars utilized daily to commute to work. Additionally, the estimated 4,000 downtown residents own 2,680 cars, and tourists and visitors add 5,900 cars per day to the downtown parking demand. This totals 57,480 estimated cars per day requiring downtown parking, as compared to 32,660 available spaces, or 1.8 cars per space. Southwestern Bell Corp. has indicated a demand for 450–650 additional parking spaces to meet its employees' needs, and the Nix Hospital has projected a need for 400 spaces. The Mid City Garage currently has a waiting list of 155. This current and projected need is expected to be addressed by the St. Mary's Street garage associated with the Houston and Presa Streets renovation project. Due to daytime parking associated with employment and the frequency of entertainment events in the evenings, the city's utilization rate is 1.8x per space daily.

Key assumptions in the financial forecast include removing the HemisFair Garage from service temporarily in July 2000 and new construction completed in July 2003. The St. Mary's Street Garage is scheduled to be complete in June 2001. Aggregate parking fee revenues are slated to increase 11% in 2004 and 2009 and 5.5% in 2014 and 2019. Metered fees are scheduled to increase 12.5% in 2001, 10% in 2004, 12.5% in 2009, and 6.25% in 2014 and 2019. Retail/office space is scheduled to increase 10% in 2004 and the same percentage every five years thereafter. Average annual revenue increases for new and existing facilities are 2.72% over 21 years. Expenditure assumptions include incremental increases in personnel, as new garages come into service, and annual operating expense increases of 2.5% through 2010 and 1.5% thereafter.

The proposed debt structure includes capitalized interest of $1.2 million and an initial four-year period of interest-only payments. The bonds issue will be for a 25-year term, with primarily level debt service after the initial four-year term. The interest rate assumption on the 2024 maturity is 6.05%. Gross revenues of the parking system are pledged to the revenue bond debt service and bond proceeds and contributed capital will provide deposits to the required funds.

Expected debt service coverage, based on projected rate increases and expansion of the system, ranges from a low of 5.08x in 2006 to a high of 6.66x in 2003. Revenue bond debt service coverage calculated on net revenues results in a minimum of 1.52x in 2001 and a maximum of 2.5x in 2010. On a cash flow basis, fund balance of less than $200,000 annually will be necessary annually from 2001–2003 to satisfy payment of existing CO debt. After retirement of the majority of the COs in 2011, significant annual revenue surpluses will materialize. Should revenue projections not develop as expected, the city general fund would be required to assume payment of the COs and any deficiencies created by O&M expenses.

The city does not anticipate issuance of any additional parking revenue supported debt for a period of approximately five years to allow for the construction and operational establishment of the two new garages.

For more information, see Fitch IBCA Research on "San Antonio, Texas," dated Oct. 27, 1999, available on Fitch IBCA's web site at www.fitchibca.com.

Moody's Investors Service
Global Credit Research

Municipal Credit Research
New Issue Report
Published 31 Mar 2000

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Moody's Rating

Issue		Rating
Parking Revenue Bonds, Series 2000		A2
Sale Amount	$24,860,000	
Expected Sale Date	04/11/00	
Rating Description	Parking Revenue	

MOODY'S ASSIGNS A2 RATING TO CITY OF SAN ANTONIO'S SERIES 2000 PARKING REVENUE BONDS.

$24.86 MILLION IN DEBT AFFECTED.

Opinion

Moody's has assigned an A2 rating to the city of San Antonio, Texas $24.86 million Series 2000 Parking Revenue Bonds. The rating, which carries a stable outlook, reflects the city's thriving local economy, strong demand for parking facilities, limited system competition, competitive rates, satisfactory coverage levels of parking revenue bond debt service, and adequate legal covenants. In addition, the rating reflects management's demonstrated ability to manage a large-scale parking system and the capital projects associated with it. The stable outlook is based on Moody's expectation of continued expansion in the local economy, ongoing demand for parking, and system revenues sufficient to maintain debt service coverage at projected levels. The bonds will be used to finance construction of two new parking garages, the demolition of a portion of an existing garage, and the purchase and installation of electronic parking signage.

Moody's expects the city's local economy to remain strong given San Antonio's popularity as a tourist destination, continued job growth driven by successful redevelopment efforts and ongoing retail and service industry development, and sustained expansion of the city's residential sector. The largest tourist destination in Texas, the city of San Antonio attracts over eight million people annually. This activity is partially reflected in a steady increase of hotel room nights and has led to positive trends in both the city's sales and hotel tax revenues, which have shown an average annual growth rate of 6.1% and 6.7%, respectively, over the past five years. Ongoing development of the city's retail and business service sectors has contributed to continued employment growth, which has averaged approximately 3% annually for each of the last ten years and has enabled the city to, in recent years, maintain unemployment rates below both the state and the nation. In addition, following the announced closure of Kelly Air Force Base, the city began a redevelopment plan for that facility and, through privatization of existing operations and new uses, has already created an additional 4,411 jobs with a goal of 5,150 jobs upon base closure and nearly 12,500 new jobs by fiscal 2006. City population is estimated to have increased by 28% during the 1990s, driving a nearly 25% average annual increase in the number of residential building permits and adding over $2.6 billion to the city's $33.4 billion tax base in the last ten years.

The city has an over 30 year history of parking management, operating five multi-level garages, eight non-metered surface lots, three metered surface lots, approximately 1,900 on-street meters, and nine leased lots which provide a total of 9,889 parking spaces in the downtown area. The city is the largest parking provider in the downtown with approximately 40% of total spaces available (including the Alamodome). Central Parking, the closest competitor controls 19%. The city's rates, which are autonomously set, are currently and are expected to remain below other providers with variance ranging from a high of $4.25 per day to $1. Based upon the planned Convention Center expansion, corporate growth in the downtown, and continued visitor volume, the city estimates that an additional 2,800 to 3,000 parking spaces will be needed over the next two years. These bonds finance construction of an 800 space parking garage to serve both the convention center and a to-be-constructed 1200-room convention hotel as well as a 707 space multi-level garage in the Houston Street area to serve, primarily, two new hotels and retail, office, and restaurant space. In addition, the latter will eliminate a 155 space waiting list at the Mid-City Garage.

Moody's expects that system net revenues will provide satisfactory coverage of revenue bond debt service given 10-15% rate increases planned for every five years and no current plans to issue additional parking revenue bonds. While net revenues for the last audited year, 1999, provide 1.14 times coverage of peak debt service, which occurs in 2024, the city anticipates that projected revenues will provide approximately two times annual debt service coverage, with peak coverage averaging between 1.5 and two times. Prior to this issuance, the city has financed parking facility construction through the issuance of certificates of obligation (COs) and, while ultimately backed by a general obligation limited tax pledge, those obligations have always been paid from parking revenues. While the current issue will have a priority lien on system revenues, officials plan to continue to finance COs, to the extent possible, from parking system funds. Prior to fiscal 2004, net parking system revenues do not provide full coverage of annual debt service for both the revenue bonds and the COs; however, the city plans to capitalize interest until 2004 and expects that those funds will provide the additional money required to fully fund debt service on all parking obligations. Additionally, the city will, upon closing, provide $1 million for an Other Parking Obligations Fund, which can be used to make up any deficiencies for debt service on the COs.

While the legal structure does not include a debt service reserve fund to off-set any potential parking revenue shortfalls, an operating reserve (funded at 25% of the parking system's operating and maintenance expenses) will be fully fund from bond proceeds upon closing. This reserve can be tapped, if necessary, to subsidize parking operations or debt service on either parking revenue bonds or COs and must be replenished within 90 days from any city funds. The initial deposit equates to approximately 73% of maximum annual debt service on these revenue bonds. Given expected growth in the reserve as annual expenses increase and the absence of additional borrowing plans, Moody's expects this reserve to, over time, cover the annual debt service requirements on the parking bonds. Other security provisions include a rate covenant and additional bonds test, both of which require net system revenues to be at least 1.25 times annual debt service requirements.

Outlook

Moody's stable outlook is based on our expectation that the city's local economy will continue to expand, driving demand for parking in San Antonio's downtown and enabling system revenues to meet the city's projections and produce revenues sufficient to maintain projected debt service coverage ratios.

KEY STATISTICS:

Number of parking spaces: 9,559

Peak debt service coverage (Revenue bonds only) (1999 revenues): 1.14x

Peak debt service coverage (All parking obligations) (1999 revenues): 0.56x

Annual debt service coverage (Revenue bonds only) (projected 2004 revenues): 2.3x

Annual debt service coverage (All parking obligations) (projected 2004 revenues): 1.14x

Payout of principal (10 years) (Parking Revenue Bonds only): 15.8%